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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 14, 2000

APPLICATION OF	CASE NOS.	PUC960134
		PUC970071
GTE SOUTH INCORPORATED		PUC970072
		PUC980098
Annual Informational Filings		PUC990121

and

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION	CASE NO.	PUC000003
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Ex Parte, In re: Investigation of the
appropriate level of intrastate access
service prices

ORDER FOR NOTICE AND COMMENTS OR REQUESTS FOR HEARING

On March 31, 2000, GTE South Incorporated ("GTE South")
filed a Motion for Proposed Settlement of Rate Issues
("Motion"), with an attached Stipulated Proposal,¹ wherein GTE
South sets out terms to which it would agree as a full
settlement of outstanding rate issues related to its Annual
Informational Filings ("AIFs") for calendar years 1995, 1996,
1997, and 1998. GTE South is required to file AIFs pursuant to
Paragraph 10 of its Alternative Regulatory Plan.

¹ The settlement outlined in the Stipulated Proposal is, in fact, proposed for stipulation rather than being stipulated by any party other than GTE South.

In the Motion, GTE South has proposed to issue \$5 million in refunds and \$25 million² in prospective annual rate reductions to its customers. It will set aside another \$5 million for refunds to former customers. The Stipulated Proposal is attached hereto as Appendix A.

The Staff has filed a report of its review of GTE South's earnings for 1995, in Case No. PUC960134, and for 1996, in Case Nos. PUC970071 and PUC970072, and is continuing its review of the earnings for 1997 and 1998. A report is expected shortly regarding 1997 earnings, and the Company has represented that it will supply the necessary remaining information regarding its 1998 earnings on or before April 28, 2000.

The Commission now determines that notice of GTE South's settlement proposal should be given and that all affected carriers and customers of GTE South, as well as the Attorney General, should be given an opportunity to comment or request hearing on the proposed settlement. The Commission further finds that the Staff should conclude its investigation and file

² This figure comprises a \$6.5 million reduction in intrastate switched access charge rates, \$1.45 million reduction to intrastate, intraLATA toll rates, and \$9.1 million reduction to residential (\$5.0 million) and business (\$4.1 million) rates to take place 45 days after the entry of an Order by the Commission accepting the Stipulated Proposal. An additional \$7.95 million in access charge and toll rate reductions would be made by the Company 45 days after an Order by the Commission removing the Company from the Commission's investigation of intrastate access charges in Case No. PUC000003, but only if that order is entered within 30 days of the order accepting the Stipulated Proposal.

reports for calendar years 1997 and 1998 and that the Company should complete the filing of information necessary for the Staff's investigation and review. Thereafter, the Staff should investigate the Stipulated Proposal and file a report of its investigation. Action on the Company's Motion is contingent on its cooperation in effecting the Staff's conclusion of the 1997 and 1998 reviews.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) On or before May 15, 2000, GTE South shall cause to be published, on two occasions, in newspapers of general circulation in its service territory the following notice:

REQUEST FOR COMMENTS REGARDING GTE SOUTH'S
MOTION FOR PROPOSED SETTLEMENT OF RATE
ISSUES, CASE NOS. PUC960134, PUC970071,
PUC970072, PUC980098, AND PUC990121 AND
SETTLEMENT OF ACCESS PRICING INVESTIGATION
ISSUES, CASE NO. PUC000003

GTE South Incorporated ("GTE South") has proposed a full settlement of outstanding rate issues related to its Annual Informational Filings ("AIFs") for the years 1995, 1996, 1997, and 1998. GTE South proposes to issue \$10 million in customer refunds and \$25 million dollars in annual rate reductions as follows: toll rate reductions of \$2.9 million; residential rate reductions of \$5 million; business rate reductions of \$4.1 million; and access charge rate reductions of \$13.0 million.

GTE South further proposes, in return for the rate reductions and refunds set out above, to be removed from the Commission's investigation of intrastate access charges in Case No. PUC000003.

The Virginia State Corporation Commission is requesting comments or requests for hearing concerning GTE South's proposed settlement. The Commission will also entertain recommendations for an alternative settlement. Comments or requests should be filed on or before June 30, 2000. Such comments should be addressed to the Clerk of the Commission, Joel H. Peck, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218, and should refer to Case Nos. PUC960134, PUC970071, PUC970072, PUC980098, PUC990121, and PUC000003. A copy of any comment or request should also be served on GTE South's counsel, Richard D. Gary, Esquire, Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219-4074.

Requests for hearing should state with specificity the reasons the party believes an evidentiary hearing is necessary in this matter and state generally the evidence the party would introduce at any such hearing. If no sufficient request for hearing is received, the Commission may act on the basis of the papers filed in this matter.

GTE SOUTH INCORPORATED

(2) Interested parties may file comments, requests for hearing, and/or recommendations on or before June 30, 2000.

(3) The Company shall file proof of publication of the above notice on or before June 15, 2000.

(4) The Staff shall file its report on GTE South's earnings for calendar year 1997 on or before April 28, 2000, and its report on GTE South's earnings for calendar year 1998 on or before June 1, 2000.

(5) The Staff shall investigate the Stipulated Proposal and file a report of its investigation on or before July 14, 2000.

(6) GTE South shall, and any other interested parties may, file a response to the Staff Report directed by Paragraph No. 5, above, and to any other comments or requests for hearing received herein, on or before July 28, 2000.

(7) GTE South shall provide all data requested by the Commission's Staff necessary to complete its review of the 1998 AIF filing by GTE South on or before April 28, 2000, and further shall cooperate fully with the Staff in order that the reports directed in Paragraph No. 4 above can be timely filed.

(8) This case is continued generally.